

**COMPARATIVE URBAN LAND
POLICY IN TRANSITIONAL
ECONOMIES**

**THE CASES OF
POLAND AND RUSSIA**

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COMPARATIVE URBAN LAND POLICY IN TRANSITIONAL ECONOMIES

THE CASES OF POLAND AND RUSSIA

INTRODUCTORY REMARKS

Early urban land reforms in transitional economies have been incidental to higher order macroeconomic reforms packages. Urban land was treated as an important factor of production, consumption and investment as well as an object of local taxation. Much of this macroeconomic interest can be associated with efficiency imperatives of economic restructuring and growth. Reforms to date have focused mostly on market enablement through land property rights definition, protection, assignment, privatization, registration, collateralization and transfer. These have been accompanied by reforms of legislation on land-use planning, building, housing finance, landlord and tenant relations, housing subsidies, real estate professions and real estate taxation. The dominant paradigm for implementing these reforms has been the little coordinated political economy rather than rigorous neoclassical macro economics. Consequently, relatively little explicit attention has been given to the formulation of comprehensive urban land policies and strategies for central and local government levels. Not surprisingly, the resultant patchwork of legal and institutional frameworks is incomplete, especially in Eastern European countries of the former Soviet bloc. Attempts are being made, however, to establish urban land policies within the frameworks of urban productivity, local governance, and housing reforms.

Transitional countries of Central and Eastern Europe confront a different set of issues and challenges in urban land reforms. The traditional market-based Latin American and post-colonial South African countries often struggle with social exclusion and housing affordability problems caused by market failures and externalities. The post-communist transitional countries did not have market mechanisms for 50-70 years. Land development was steered by the state and housing was distributed evenly to all social groups by the state. Consequently, at the outset of reforms, these countries were facing problems of grossly misallocated real estate resources, but did not have to confront the problems of significant homelessness, slum developments or informal land holdings.

The profound land-use misallocation legacy manifested by functional and spatial distortions has drawn an emphasis in reform efforts to revive prewar market traditions in Central Europe, as exemplified by Poland, and create a new market environment in Eastern Europe as exemplified by Russia. The challenges in developing land market enabling reforms are connected to the need to create a comprehensive legal and institutional framework, for coordination among

competing ministerial and professional interests, and for division of competencies among central, regional and local governmental levels. The development of orderly land markets also calls for avoidance of speculation, oligopolistic development industry and excessive regulation of permits and approval processes. At the same time there is a need to assure that land market failures and externalities, so much discussed in traditional market economies, are mitigated by policies alleviating tendencies for social exclusion and spatial segregation of lower income household groups.

This requires a better examination of urban land experience and lessons learned in mature and developing market economies, setting up relevant monitoring and diagnostic frameworks, as well as more rigorous implementation of methodologies in policy and strategy development including urban governance structures. Poland, being less urbanized, is facing the pressures of both urban redevelopment and net growth, but is enjoying stronger macroeconomic performance. Russia, being fully urbanized, is facing only the pressure of urban redevelopment, but its economy is plagued with fundamental macroeconomic challenges.

IMPERATIVES OF ECONOMIC EFFICIENCY

Economies in transition have been confronted with the necessity of simultaneously implementing a number of profound reforms. Fundamental changes have been concerned with elimination of centralized decision making regarding production, consumption and investment. Decentralization of economic decision making through a market system requires a large number of private risk-takers who are willing to face the consequences of losing their incomes and assets upon making sub-optimal decisions. Moving to such a spontaneous market system from centrally-planned non-market command economies requires an emphasis on the concept of private property and necessitates massive privatization processes. These usually begin with definition (or restitution) of property rights and assigning them (or restituting) to assets held by contemporary or restituted users/owners. Subsequently, a mechanism is needed for the massive reallocation and trading of these assets, so that they end up in the hands of the most efficient (highest and best) users. In a later stage the owners of assets, eventually households, want to liquidate them and spend their resources for consumption or/and investment purposes. The importance of these massive adjustment processes, in the face of the profound misallocation legacy of the former economic system, underscores the role of land resources as factors of production, consumption (housing) and investment.

Economies in transition typically face macroeconomic imbalances usually expressed in terms of insufficient resources for the provision of important public collective services and the attainment of living standards of the neighboring European Union. The inescapable fact learned by successive governments is that only strong and sustainable economic growth can finance the desired increased level of collective services and living standards. It is also increasingly evident that this growth has to be consistently higher than in the other OECD countries for protracted lengths of time. Such growth cannot be driven by consumption spending, but requires that savings and investments be prioritized and encouraged. This leads to the need for rapid reallocation of assets as the economy grows and restructures. Changing ownership in production investment as well as consumption becomes a critical issue for growing economies. Real estate assets play an important role in this process due to profound past misallocations and the long-lasting consequences of immobility and durability.

PROFOUND RESOURCE MISALLOCATIONS

Land is a major resource like labor and capital in an economy functioning as a factor of production, consumption and investment. In addition it is an important object of tax revenues for local government. As already emphasized, land resources were profoundly misallocated in the former economic system since: (a) land had no value; (b) capital did not earn interest; (c) energy costs were a fraction of real costs; and (d) wages/salaries were not differentiated over location. Consequently, land was not successively reallocated ("recycled") as cities grew, which tended to petrify initial administrative land allocation patterns for many decades. The degree of misallocation of land resources is evident in variety of ways bearing witness to excessive, albeit not exactly measured, costs borne by the economy due to the suboptimal use of land resources.

In Poland and Russia, the misallocation is especially visible in urban areas, which are the main locus of economic growth in transitional economies due to the almost exclusive concentration of service sector growth, which was subdued for many decades in the communist system. The post-communist cities exhibit excessively dispersed urban spatial structures with highly valuable land being often engaged in low intensity uses such as industry, railways, garden plots, and military yards. Warsaw's spatial infrastructure covers an area similar to that of Paris, where some 8.5 million inhabitants support it, as compared to Warsaw's 2.5 million people. Too much land is being used for industrial uses; in Moscow some 35 percent of built-up area is used for these purposes, as opposed to less than 10 percent in Paris. In Cracow, Poland, which is a service-oriented urban area, some 25 percent of developed land is used for industry. Low-intensity

industrial land use is frequently found in prime central locations. Much of the industrial land in Moscow is found in central locations. In Warsaw, some of the most valuable central land is used for a water purification plant, defunct factories and state railways side yards.

Commercial and service land uses are scarce and dispersed, which precludes a clearly identified central business district. Residential densities increase with distance from the center and peripheral areas full of high-density small size apartment block buildings. This contributes to a high degree of spatial dispersion of population while employment exhibits high degree of centralization. In Moscow, which has a similar number of people to Paris, an average resident is about 40 percent farther from the city center than the average Parisian. The constant overcrowding of the Moscow subway is indicative of the spatial mismatch between places of residence and place of employment and other amenities. In Warsaw, where almost 90 percent of employment is concentrated on the west bank of the river, some 30 percent of population lives on the east bank of the river, and there are only a few bridges over the river.

These are the more conspicuous indications of the profound misallocation of land resources and nobody has as yet measured explicitly the impact of these factors on urban productivity level and potential for growth. But, there is also a profound misallocation or mismatch of land users. The privatization processes in transitioning economies have typically been based on assigning redefined property rights to the contemporary users who originally obtained possession of "their" properties through a non-market process. The common practice of privatization for a symbolic price, especially in the housing sector, dampens new owners' motivation for effective and intensive use of a free asset, as compared to others who have to pay full market prices. The lack of incentives for more efficient use is an effect of the absence of carrying costs in the form of market-based rents or a market value-based property taxes. Artificially low housing rents keep households in their current dwellings, unwilling to relinquish the high subsidies tied to these dwellings. The resultant pattern of land and housing occupants does not meet the criteria of efficiency and equity and needs to be readjusted within the existing stock (resource reuse) more than through new construction (resource generation), which is still expensive.

MARKET ENABLING REFORMS

Efficient reallocation of land assets and land uses requires functional land and real estate markets facilitating the transfer of property rights and underscoring the importance of the definition, protection, resolution, registration,

collateralization and transfer of land property rights. Without efficient operations of these markets, and without the disciplines of “true” costs reflected in taxation, infrastructure fees, and rents and prices of real property, there is little incentive for obsolete, low-value users to transfer land and buildings to their highest and best users. And without financial instruments that allow land and property values to be “monetized,” the transitioning countries remain unable to tap into a vast store of wealth vested in land in order to obtain the capital needed for redevelopment and new investments.

Developments in Poland

The progress made to date is substantial in Poland, although there are still gaps in the legal and institutional framework necessary for efficient land markets. The most glaring gap is the lack of sweeping restitution, although residential properties were returned to rightful owners and their successors in early years. Some nonresidential properties were restituted individually through court proceedings which invalidated former communist era expropriations.

Property rights to land were defined in the Civil Code and protected in the Constitution. These included not only freeholding, but also long-term alienable and mortgageable leasehold rights (40-99 years) vested in publicly-owned land. Mechanisms for registration of indefeasible titles to land were updated and sanctioned in new land registration and mortgage laws. Title transfer mechanisms were modernized through private notaries. Despite these achievements there are many properties that are not registered in title registry (up to 60-70 percent), although many of them have “documentation” files at the title registry offices. This does not mean that land is without an owner, but often this is because an owner/occupier is not willing to pay relatively high fees for official resurveying of boundaries and estate court proceedings. Registration fees are high and property taxes then become payable. The practice of non-registration is particularly frequent in agricultural areas, which is where low-income groups are more likely to live. These areas exhibit some tendencies to informal housing finance mechanisms and home building processes, but there is hardly the possibility to build without a building permit, as the Building Code includes provisions for demolition of informal construction - provisions that have occasionally been enforced with bulldozers.

While reallocation of existing land resources has been made relatively easy, the bigger challenge has proven to be a land development process which requires additional laws on land-use planning, building codes, and financing mechanisms. It requires also a new contracting culture for the multitude of relationships during the development process and it requires the development

of professions to efficiently serve the process. The regulatory framework in this area needs to be pulled together into a more comprehensive system in order to reveal inconsistencies and conflicting competencies. A special working group has been appointed by the central government to help review and fine-tune the framework for primary (development) and secondary land markets (resales, leases).

Nevertheless, land markets have been functional for a number of years and their turnover has been increasing by about 10 percent per year, which is higher than the rate of economic growth (six percent). Real estate market transactions constitute some 25 percent of all capital investments. Most of the market activity is in secondary sales of privatized and cooperative apartments, but some 20 percent is in vacant and improved urban land, including land for commercial and industrial uses. Still, the volume of market activity is small considering the needed level of adjustments after a 50-year market petrification. In Cracow, which is a vibrant city (the third largest in Poland, with some 800,000 inhabitants), the number of real estate transactions ranges about 5,000 per annum, but this should probably be 10 times higher given the need for readjustment.

Privatization has been progressing in a decentralized way with local governments deciding to sell off their land holdings as they wish. Selling of public real estate assets constitutes about 30 percent of market activity. Disposing of land takes place in two forms: freehold or leasehold, and both forms require strict auction and tendering procedures in order to avoid corruption. Actors on the land market now include private, institutional, cooperative, municipal, state, and foreign buyers and sellers. Land leaseholds, which can be granted on public land only, are fully registerable, alienable, inheritable, and mortgageable, and can provide for compensation for improvements upon termination. They are viewed by many local governments as market-based revenue sources, since ground rents are related to market values of land. In the absence of ad valorem property taxes (which are presently area-based) they do function as quasi-property taxes, inducing lease holders to invest and to not speculate. Leaseholds are also perceived to be effective land use planning instruments in areas where zoning plans do not exist or enforcement is difficult.

It has been estimated that the volume of all real estate transactions should approach 1 million per annum in a country of almost 40 million people. The result is the deepening of the market and a more transparent land value structure with central locations usually earning a price 10 times than peripheral land. Problems remain mostly with land development financing, which is not widely used although it is available.



Developments in Russia

While Poland exhibits Central European similarities to Western European land market traditions, Russia exhibits a different Eastern European development regarding land and property rights. After 70 years of state land ownership there is a deeply entrenched perception of land as a special kind of natural resource, which is not subject to individual ownership. Real estate is still commonly perceived as buildings or apartments, but not land. Changing this deeply rooted perception was made more difficult for the reformers after the highly publicized letter by a number of American economists to Mikhail Gorbachev urging him not to privatize land.

Some fundamental market mechanisms and civil law relationships were introduced mostly in enabling central level legislation, but problems have arisen with their implementation in practice. Private ownership of land was made possible, but final permission was left to the federation states. Out of 89 states, some 50 have allowed private land ownership in principle. Real estate rights can be registered with a number of agencies, usually separately for buildings and apartments and separately for land. These registrations are mostly of a technical nature and not judiciary, although the law foresees that the judiciary system will eventually guarantee the property rights. Turf battles among ministries and agencies are making it difficult to unify the process. In effect people hold registration documents, which are not yet fully indefeasible legal titles.

Privatization of land is not taking place at the same pace as privatization of buildings and apartments. Actually, some 50 percent of apartments have been privatized, but mostly without the accompanying land, except for a few single-family houses, dachas, garages and retail stores. The lack of joint ownership of the land of multifamily buildings is making it difficult for people to perceive that they are co-owners of common areas and thus are responsible for paying for maintenance. The only other active market in land rights is in Moscow, where the city routinely auctions off land leaseholds to mostly foreign commercial investors. Other cities have tried to arrange land auctions and tenders mostly for industrial uses and some commercial and residential uses. In a recent year some 3,000 parcels were privatized in several progressive cities, which constituted 14,500 hectares out of the total of 3 million hectares of industrial land.

Experience shows that cities are hesitant to sell the land and prefer instead to lease it for a short term, since they can change rents more often. Cities are also not sure about the value of land and short-term leasing allows them to postpone market valuation. Auctioning of vacant land has also shown that there is not a strong demand for land, since cash is hard to mobilize and financing is

not available. Foreign investors often buy existing enterprises in excellent central locations, which abound in Russian cities. Consequently, privatized enterprises were able to buy land accompanying their plants in states where private land ownership is allowed.

As long as there is no market value based property tax there is little incentive to sell much of the land. Long-term leaseholds would be more convenient to investors, but this structure is not conducive to wide market acceptance since they lack, *inter alia*, provisions for objective rent increases, are not alienable (and thus not mortgageable), and have no provisions on compensation for land improvements upon termination. Local governments view long-term leaseholds as convenient land-use planning tools as well as stimulators of land supply, at least at the time when effective planning controls and *ad valorem* property taxes are not available instruments.

The progress that has taken place thanks to the dedicated cadres of reformers is impressive given the environment of the political economy. The government's role in real estate has been shifting from direct provider to regulator—a bold decision was announced that rents will be deregulated by the year 2003 as the housing allowance system develops. Government construction is only 15 percent of total housing construction. Secondary markets in apartments have been made possible although transfer costs are high. Some experimental efforts are being taken to introduce market value related property taxes and land-use planning through zoning instruments. These actions should induce more market activity. Land-use planning and regulations are still problematic given the lack of clear division of competencies between central, regional and local governments. The concept of zoning as opposed to single property-negotiable land uses is still only slowly taking hold, as planners are struggling to accept the new order which is taking much of their former powers from them. Housing subsidies are moving from supply side to demand side, and the program of housing allowances has been quite successful.

The provision of information necessary for markets and policy makers is still not satisfactory. The old habits of viewing information as a source of power die hard. Even the participants in the real estate market are not very keen to share information among themselves and it is very difficult for potential investors to know what is going on in the market place and what exact regulations they have to follow.

SOCIAL EQUITY CONCERNS



While economic efficiency concerns are brought up by profound misapplications of land and resulting market distortions, the spatial distribution of distinct social and income groups is not as polarized as in market-driven cities, and urban core areas remain attractive locations to households and businesses. The former centralized allocation mechanism was not sensitive to the income status of households and in any case income disparities in these impoverished societies were insignificant. This relatively equitable spatial distribution confers a significant measure of social inclusion and spatial accessibility to various social and income groups. When the economic reforms started to produce growing income disparities many people discovered that their neighbors now belong to very different income groups.

In this respect, social and income segregation as well as segmentation of land markets into formal (serving the privileged) and informal (serving the unprivileged) was not present at the outset of the transition process. The housing and land privatization processes resulted in petrification of the contemporary spatial distribution of households.

This initially favorable situation may soon become undermined by growing unchecked new market-induced trends towards increasing spatial polarization, with lower social and income groups becoming more highly concentrated in the least attractive locations and structures, which are usually the older large panel multifamily blocks in the distant peripheries of major cities. This will lead to the negative consequences so well described and analyzed in market driven systems (both mature and developing) and attributable to both market and public policy failures. The present debate in the post-communist countries reveals little, if any, concern over these issues. And careful analyses of local land use plans and urban development strategies reveal an almost total silence on these issues, except for general efforts to help the lower income groups with their housing costs. The concepts of social exclusion and spatial segregation in the context of land and housing markets are typically not in the vocabulary of discussants and policy makers.

Present public policy addresses urban land issues mostly through land use planning, municipal land management activities and through housing programs concerned with infrastructure and public land sales. Most of these are geared towards market efficiency goals and subsidies to the development process, which are serving more privileged groups in the society. Some attempts are also being made to assist less privileged groups to play the market with the enhanced ability to pay using housing allowances. This is developing especially well in Russia, although Poland has also moved into that area. Some other programs

for social housing sector development have been created through assistance provided to nonprofit rental housing investments.

Nevertheless, new housing production is inevitably addressing the demands of privileged groups who dictate the new locations they will dominate. Fortunately, many of these locations are in developments in central cities where a rich social and income mix remains. Low density single-family developments in peripheries are also interspersed with high density multifamily housing estates, which will increasingly be catering to the less privileged groups.

CHALLENGES TO URBAN LAND POLICY REFORMS

The need to bring together urban land policy reforms into a comprehensive package has grown in Poland as the economy is sustaining high economic growth and urban land problems are being recognized as growing impediments to continued growth. In Russia, the need to recognize these problems has not yet reached a critical mass, but may soon do so.

Public policy regarding urban land is being decentralized and there is a need to secure enough human capital at local levels to formulate and pursue these policies. This also requires stronger coordination among various government levels and a more clear division of competencies and responsibilities. Another challenge is the need to reconcile entrenched and conflicting special interests of line ministries and their constituencies of professional groups. A comprehensive policy needs to be developed at a high enough political level in order to overpower these conflicts, which may effectively frustrate any implementation efforts.

But having assured political economic control of the policy formulation and strategy development process, one needs also to secure a workable methodology for conceptualizing the what, why, how and sequence of policy development. The capability and skills for such a methodology are largely missing at both central and local levels and the challenge is to adapt them from countries experienced with the general policy framework methodology, even if it must be calibrated differently. This includes more effective use of neoclassical microeconomic monitoring and analyses in policy formulation and strategy development, as well as a clearer link with macroeconomic performance through an urban productivity paradigm.

Urban governance is concentrated in the hands of local governments, which usually enjoy relatively large boundaries and thus avoid the typical

fragmentation found in America, which has led to the faster decline of central cities surrounded by local communities with privileged groups unwilling to share common development costs with other communities in one functional metropolitan area. An exception is Warsaw, with several independent municipalities exercising monopoly powers over land use planning and owning substantial land resources. Execution of regional powers of land policy in England will be facilitated by second and third levels of local authorities to be elected in the fall of 1998. In Russia, local and regional governments control many land-related issues. Nevertheless, caution should be exercised with policies which might lead to increased social exclusion and spatial segregation of social and income groups. This concern should be articulated in explicit urban policy agendas and reflected in urban land policies. So far the concept of spatial segregation has not been visible in land-use planning and strategy documents at any government level.

Local government urban policies have been too focused on land-use regulatory activities and on simplistic privatization of land assets. These governments will need to learn about other tools, including open market land operations and public-private partnerships in land investments. The first step required for this will be to set up urban land monitoring systems, which will help both policy makers and market participants understand what is happening and why in the local land markets.

Poland is well-positioned to finish the work of building an urban land institutional framework conducive to an efficiently operating market economy. Balancing efficiency and equity concerns will probably be made easier by the strong influence of Western European views during the accession period. Readjustment and redevelopment of Polish cities will need to be supplemented with accommodating an expected strong urbanization wave, since a significant part of the population lives in the countryside practicing essentially subsistence agriculture. Many of these people will most likely move into the cities and create the pressures so well known to other countries which experienced rapid urbanization. The lessons learned by these countries, given that income disparity will continue to grow, can be very valuable here in preventing social exclusion and spatial segregation.

Russia is still struggling with creating support for building a complete and effective regulatory framework. The country, however, is already fully urbanized and can thus mobilize its resources on urban readjustment and redevelopment. The level of misapplications is probably higher than in Poland because the former economic system lasted 20 years longer and more urban capital was created in Russia with all the attendant misapplications. The problems of

structurally unsound large panel block housing at the city fringes may become more acute with successive concentration of low income social groups.

Both countries, however, need to become more sensitive in their actions not to compromise their relatively low levels of social exclusion and spatial segregation in relation to new urban land residential use. Both countries need to develop more explicit urban agendas recognizing that efficiency-based urban productivity and equity-based social inclusion and sustainability are complementary rather than contradictory. They should also be emphasizing more strongly the roles of urban spatial forms and urban land-use patterns, which are of paramount importance to urban productivity growth, driving much of the needed macroeconomic growth in transitional countries.

ANNEX

**REPORT ON PARTICIPATION BY W. JAN BRZESKI
IN THE INTERNATIONAL SEMINAR AT LINCOLN INSTITUTE OF LAND POLICY
ON THE THEME OF COMPARATIVE POLICY PERSPECTIVES ON URBAN LAND
MARKET REFORM IN LATIN AMERICA, SOUTHERN AFRICA
AND EASTERN EUROPE**

**Cambridge, Massachusetts
July 7-9, 1998**

The seminar gathered 38 participants representing research, governmental, consulting and NGO sectors dealing with land issues mostly in Africa and South America. Some people, mostly consultants, spoke on Central and Eastern European developments in land issues. Consequently, the major weight of the seminar was put on African and South American developments and focus mainly on the relevant issues there:

- Communal and customary land possession in Africa; and
- Irregularity and informality of land possession in South America.

Various policy problems and responses were discussed in relation to these issues. These included consideration of such questions as:

- ! In which areas can and should governments best intervene with land policy measures and instruments?
- !
- How to decentralize land policy among various levels of government and non-governmental institutions?
- ! How to respond to less government involvement forced by tightening budgetary resources?
- ! How to arrange for shifting of land allocation powers from communal/customary to land market mechanisms (formal, informal, illegal)?
- ! How to address the urban problems of the poor at the same time as governments are forced to reduce their involvement and funding?
- ! How to reduce mistrust between government and private sectors in order to build more sustainable public-private partnerships?

- ! How to use land regularization processes to alleviate urban poverty problems?

The problems of Central and Eastern Europe were somewhat marginal to the mainstream seminar topics. The following papers were presented:

- ! “Land Privatization as Macroeconomic Reform in Ukraine,” presented by Professor Thomas A. Reiner from the University of Pennsylvania and Harvard Institute for International Development.
- ! “Emerging Urban Real Estate Markets in Albania,” presented by Professor David Stanfield from the University of Wisconsin at Madison.
- ! “Comparative Urban Land Policy in Transitional Economies: The Case of Poland and Russia,” presented by W.J. Brzeski from the Cracow Real Estate Institute.

Another paper on Eastern Europe was prepared for the seminar but not presented: “The Reform of the Real Estate System in the Federation of Russia,” by Vincent Renard of the Ecole Polytechnique in Paris.

A number of important points concerning usefulness of the seminar to the ongoing land policy debate in Central and Eastern Europe were raised:

- ! The post-communist cities do not fit into the dichotomous system of industrialized and developing worlds—they can best be described as misdeveloped cities.
- ! The post-communist cities do not suffer the acute problems of poverty related to social exclusion and spatial separation and related land rights issues, which is the case of market and policy failures in Africa and South America.
- ! The post-communist cities do suffer from profound misallocation of land resources in terms of functional and locational imbalances, which hamper further growth in urban productivity and thus macroeconomic growth.
- ! The economic growth imperative in transitional economies is bringing growing income disparities and speeds up the trends towards poverty-related social exclusion and spatial segregation similar to cities in developing world.



- ! Land market enabling regulatory policies provide powerful force for reducing supply costs of housing, which can help alleviate the problems of social exclusion and spatial segregation.
- ! Problems of poverty alleviation are less the problems of shelter, but more of education, health and employment and should thus be viewed in connection to general urban development issues.
- ! Post-communist cities are currently developing without clear land policy research and guidelines in relation to urban productivity growth as well as to the alleviation of poverty and the prevention of social exclusion and spatial segregation.

An important conclusion from the seminar is that a definite research agenda specific to Central and Eastern European land market policies should be developed in order to develop conceptual and empirical knowledge base ready for use in policy prescription advisory work. The agenda should include such issues as:

- Economic growth and the goals of urban affordability and livability
- Urban productivity and its role in economic growth
- Land markets?role in urban productivity
- Land market enabling regulatory frameworks
- Land policy formulation and implementation strategies
- Incidence of urban poverty, social exclusion and spatial segregation
- Education, health, employment relations to shelter affordability and livability

Little is known about these issues and links between among them. Consequently, no explicit urban land policies and wider urban agendas have been articulated in transitional economies. No formal link has been forged to the EU action plan for urban areas in the candidate countries.

The above factors call for an initiative, perhaps region-wise in transitional countries, to develop a research and policy development agenda based on comparative studies with other emerging economies, and the EU urban agenda and based on seminal work specific to transitional economies.